

# News Release



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## **Court Rules Indiana Marketing Firm and Executives Must Restore Losses to Health Plan**

**CHICAGO** – A federal district court in Indiana has ordered TRG Marketing, LLC of Indianapolis, Ind., and its executives to restore losses to the firm's health plan, pay unpaid health claims owed to plan participants nationwide, and be permanently barred from serving as plan fiduciaries, according to a judgment obtained by the U. S. Department of Labor. The judgment resulted from a lawsuit in which the department alleged that TRG executives diverted up to \$3.4 million in health plan assets to pay personal expenses for themselves and family members.

"This court decision is a first and very welcome step toward making financially whole those workers and their families who were harmed by the tragic mismanagement of the TRG health plan" said Secretary of Labor Elaine L. Chao.

Under the judgment, TRG, William Paul Crouse and Carmelo Zanfei were removed from their positions with the TRG health plan and are permanently barred from service in the future to any plan governed by the Employee Retirement Income Security Act (ERISA). The court found that the defendants engaged in self-dealing when they used health premiums collected from employers to pay for commissions to TRG's enrollment brokers, trips overseas, expensive glassware, personal expenses, charitable contributions, and a corporate line of credit. A trial will be held to determine the amount to be repaid by the defendants.

The Labor Department's lawsuit alleged that the defendants diverted plan assets to the corporate accounts of the marketing firm, failed to charge adequate premiums, and did not establish appropriate underwriting procedures to ensure sufficient assets were available to pay benefits. As a result, participants were left with millions in unpaid medical claims.

TRG was a multiple employer welfare arrangement (MEWA) funded by premium payments made by employers, employee contributions, and by individuals who were not associated with any employers. When terminated in November 2001, the TRG plan had approximately 11,000 participants nationwide.

The case was investigated by the Cincinnati regional office of the Labor Department's Employee Benefits Security Administration. Employers and workers can reach the Cincinnati regional office at (859) 578-4680, or EBSA's toll-free number, 1-866-444-3272, for help with problems relating to private-sector pension and health plans.

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(Chao v. Crouse)  
Civil Action No. 1:03-CV-1585-DFH-TAB